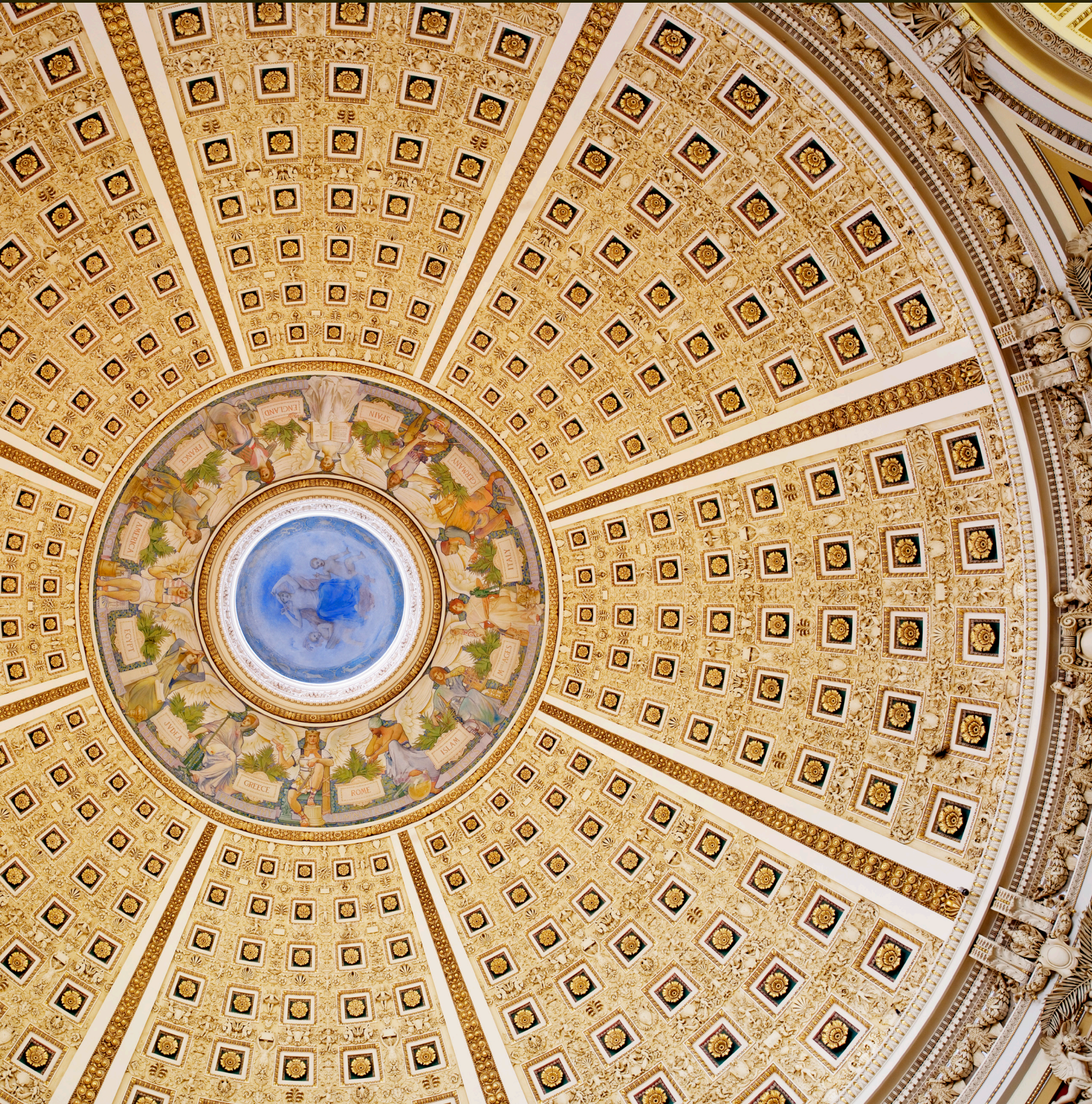


# The Library of Congress Office of the Inspector General



SEMIANNUAL REPORT TO THE CONGRESS  
September 30, 2008





MAIN ENTRANCE TO THE LIBRARY OF CONGRESS' THOMAS JEFFERSON BUILDING, SHOWING THE NEPTUNE FOUNTAIN. PHOTO BY CAROL M. HIGHSMITH

COVER: THOMAS JEFFERSON BUILDING, INTERIOR DOME OF THE MAIN READING ROOM. PHOTO BY CAROL M. HIGHSMITH

The paintings in the dome's center by Edwin Blashfield represent human understanding. The figures in the collar of the dome represent countries, or epochs, which Blashfield felt contributed most to American civilization. America is represented by the field of science. The face of the figure representing America, in the ten o'clock position, was modeled on that of Abraham Lincoln. In front of him is an electric dynamo, representing the American contribution to advances in harnessing the power of electricity.



# LIBRARY OF CONGRESS

October 30, 2008

## A MESSAGE FROM THE INSPECTOR GENERAL

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I am pleased to present our Semiannual Report to the Congress for the period ended September 30, 2008.

In the last six months we prepared reports on mail handling and its effects on collections and security, Disbursing Office controls, workforce diversity, copyright processing, the Federal Employees' Compensation Act Program, and fixed assets. We also issued a report on the 2007 financial statements of the Open World Leadership Center, a separate legislative branch agency housed at the Library of Congress. We followed up on prior audits of emergency preparedness and space management, and conducted investigations on topics such as misuse of library computers and networks, and identity theft. Finally, in the last six months, we issued a capping report and testified before the House Committee on Oversight and Government Reform, Subcommittee on Federal Workforce, Postal Service, and the District of Columbia, on workforce diversity as part of a legislative branch-wide review.

In the next six months, we will report on in-progress reviews on the protection of personally identifiable information, information technology strategic planning, collections security, human resources operations, and the financial statements of the Library and Madison Council Fund.

We commend the Library for implementing internet filtering capabilities during this reporting period to block employee access to inappropriate Web site content. We also note that the Library's managers implemented 29 of our recommendations during the period, demonstrating commitment to continued improvement.

We appreciate the cooperative spirit Library managers and staff have shown during and following our reviews.

Karl W. Schornagel  
Inspector General







# TABLE OF CONTENTS

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INTRODUCTION AND DEFINITIONS.....	1
AUDITS, SURVEYS, AND REVIEWS.....	2
Mail Handling.....	2
Disbursing Office.....	3
Federal Employees' Compensation Act Program .....	4
Diversity Management Program.....	4
Diversity in the Legislative Branch.....	5
Open World Leadership Center Fiscal Year 2007 Financial Statements.....	6
Copyright Service.....	7
Follow-up: Space Management .....	9
Follow-up: Emergency Preparedness Program.....	9
INVESTIGATIONS.....	12
Significant Criminal and Administrative Investigations.....	14
UNIMPLEMENTED RECOMMENDATIONS.....	17
IMPLEMENTED RECOMMENDATIONS.....	22
FUNDS QUESTIONED OR PUT TO BETTER USE.....	26
INSTANCES WHERE INFORMATION OR ASSISTANCE REQUESTS WERE REFUSED.....	27
STATUS OF RECOMMENDATIONS WITHOUT MANAGEMENT DECISIONS.....	27
SIGNIFICANT REVISED MANAGEMENT DECISIONS.....	27
SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH OIG DISAGREES.....	27
FOLLOW-UP ON PRIOR PERIOD RECOMMENDATIONS .....	27
OTHER ACTIVITIES.....	28
Inspector General Participates in Conference on Collections Security.....	28
Inspector General Testifies on Workforce Diversity.....	28
Congress Requests Public Access to OIG Reports.....	28
Fixed Asset Control System.....	29
REVIEW OF LEGISLATION AND REGULATIONS.....	30



We perform many types of services; among them:

***Attestations***, which involve examining, reviewing, or applying agreed-upon procedures on a subject matter, or an assertion about a subject matter. Attestations can have a broad range of financial or nonfinancial focuses, such as the Library's compliance with specific laws and regulations; assertions or assumptions made in a cost/benefit, breakeven, or requirements analysis; validation of performance against performance measures; or reasonableness of cost.

***Financial Audits***, which determine whether financial statements present fairly the financial position, results of operations, and cash flows in conformity with generally accepted accounting principles, and whether an entity has adequate internal control systems and complies with applicable laws and regulations.

***Investigations***, which are conducted based on alleged or suspected wrongdoing by agency employees, contractors, recipients of financial assistance, and others responsible for handling federal resources. Violations of Library regulations or fraud committed against the Library can result in administrative sanctions and/or criminal or civil prosecution.

***Nonaudit Services***, which are equivalent to consulting services in the private sector and usually involve providing advice or assistance to Library managers without necessarily drawing conclusions, or making recommendations. Auditors are cautious when performing nonaudit services because providing them may jeopardize the independence needed to later audit that subject area.

***Performance Audits***, which address the efficiency, effectiveness, and economy of the Library's programs, activities, and functions; provide information to responsible parties to improve public accountability; facilitate oversight and decision making; and initiate corrective action as needed.



## INTRODUCTION AND DEFINITIONS

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THE MISSION OF THE OFFICE OF THE INSPECTOR GENERAL IS TO PROMOTE ECONOMY, EFFICIENCY, AND EFFECTIVENESS BY DETECTING AND PREVENTING WASTE, FRAUD, AND ABUSE.

To accomplish our mission, we conduct audits, reviews, and investigations.

Our philosophy is to be proactive. We believe this approach results in a more efficient use of resources by detecting and preventing problems early. Accordingly, we are following several key projects throughout the Library and rendering assistance and making recommendations as needed.

Our staff is educated and certified in various disciplines. We are, collectively, four certified public accountants, two attorneys, one certified internal auditor, four special agents, one investigator, one Master of Library Science, and other highly qualified staff.

Our goals, objectives, strategies, and performance indicators can be found in our Strategic Plan, available on our Web site at [www.loc.gov/about/oig](http://www.loc.gov/about/oig).



# AUDITS, SURVEYS, AND REVIEWS

## LIBRARY-WIDE

### MAIL HANDLING AND ITS EFFECTS ON COLLECTIONS AND SECURITY

AUDIT REPORT NO. 2007-PA-104  
SEPTEMBER 2008

Mail service is a critical element of the Library of Congress' diversified operations. Service and Support units depend on timely delivery of undamaged mail. In particular, Copyright deposits depend largely on material mailed-in and the acquisitions sections depend on mailed-in international materials. In the first eight months of 2007, the Library received, on average, more than 50 thousand pieces of mail per day.

After the 2001 discoveries that anthrax-contaminated letters were mailed to the U.S. Senate, an off-site process was established to identify and address possible terrorist attacks on the U.S. Congress and the Library through the mail system. This approach has proved successful in protecting against possible attacks through the mail, but its success has come with significant costs, including irreversible damages and delays in mail delivery. Office Systems Services (OSS) is responsible for administering mail service on the Library's behalf.

We conducted an audit of the Library's mail delivery operations. Our objectives were to evaluate the timeliness of mail delivery and quality of mail service. To evaluate the quality of mail service, we conducted two separate tests, which assessed both timeliness of mail delivery and damage to incoming mail. Our tests focused on mail processed both by a contractor and the U.S. Postal Service (USPS) for Congressional and Library offices on Capitol Hill.

The Library Should Initiate Actions that Will Protect the Collections and Reduce Mail Damage—Although the quality of the Library's mail service is generally good, the program could improve through attention to three areas. First, because the long-term effects of security processing on mail items have not been determined, the Library should work to identify and assess them. Greater understanding of the process' effects will likely impact how staff handle,

bind, or exhibit the collections. Our tests confirmed that significant damage occurs to some items, primarily from USPS processing. Damage such as discoloration, brittleness, and warping in CDs occurred in 20 percent of our mailed test items. Serials, at 33 percent, sustained the most damage.



Second, the Library should work to improve mailing instructions in Library units' Web sites and other publications which do not provide adequate guidance.

Finally, because mail-damaged copyright deposits have increased costs and lengthened the copyright registration process, the Library and U.S. Copyright Office should consider alternative means to effect security in mail processing or modify mailing procedures for incoming items.

ABOVE: DETAIL OF DOLPHIN IN NEPTUNE FOUNTAIN IN FRONT OF THOMAS JEFFERSON BUILDING BY ROLAND HINTON PERRY. PHOTO BY CAROL M. HIGHSMITH



Security Gaps in the Mail Handling Process Need to be Closed—Notwithstanding security screening procedures applicable to incoming Library mail items, items addressed and delivered to one of the Library’s remote locations entirely avoid those procedures. Additionally, this security gap has become recognized and is frequently intentionally



exploited. Because unscr eene d mail items pose a threat to the health and safety of the Library’s employees and visitors, OSS should promptly review mail handling procedures and revise them as necessary to close existing security gaps.

The Library Needs Better Statistics for Analyzing the Quality of Mail Service—More emphasis is placed on identifying mail processing problems through discussion with

service unit contacts than on analyzing mail processing data. Our review of mail processing data indicated that OSS should increase its emphasis on obtaining, analyzing, and centralizing data that tracks the Library’s mail service performance, including service costs and damage sustained by mail items.

Management generally agreed with our findings and recommendations.

## OFFICE OF THE CHIEF FINANCIAL OFFICER

DISBURSING OFFICE CONTROLS, WHILE STRONG OVERALL, CAN BE IMPROVED

AUDIT REPORT No. 2007-PA-103  
SEPTEMBER 2008

Vital to the public’s trust in the federal government is unquestionable integrity in the management of public funds. By law, the U.S. Department of the Treasury receives and disburses funds for most federal agencies. However, some agencies, including the Library of Congress, have authority to handle funds for their own operating activities.

Library cash receipt and disbursement transactions are principally handled by the Disbursing Office (DO), a component of the Library’s Office of the Chief Financial Officer (OCFO). The DO is considered a high risk operation because of the volume of funds it manages and the speed with which it processes transactions. Library management must employ a system of internal controls that minimizes risk and ensures accurate and complete accountability for the source, use, and destination of all cash transactions.

We concluded that the design of, and compliance with, the DO’s internal control system were generally good, but we identified opportunities for improvement in four areas of DO operations, as follows:

OCFO and Copyright Should Redesign Internal Controls for Approving Copyright Bank Deposits—We found the DO approved Copyright Office (Copyright) deposit transactions in Momentum (the Library’s financial system) without the ability to verify and validate them. This exposed the Library to the possibility that errors and irregularities could go undetected in the recording and reconciling of these deposits. We recommended that management revise the Momentum approval process for Copyright deposits to ensure that the approving official could verify and validate these transactions.

OCFO Should Improve Certain DO Controls—Our review of the DO operations found opportunities for speeding up the depositing of checks, improving internal control over the input to Momentum of sensitive vendor



data, and improving internal control for issuing electronic payments. We found delays in the way several Library offices were forwarding check receipts to the DO and recommended revised cash management directives. We recommended enhanced controls over the entering of vendor data into Momentum to reduce the occurrence of rejected vendor payments. This will improve the overall timeliness of payments to vendors and reduce resolution costs for undeliverable vendor payments. Additionally, Library management can enhance controls over electronic payments by developing an automated interface between Momentum and the Federal Reserve Banking System.

**OCFO Should Improve Procedures for Resolving Rejected Vendor Payments**—We found returned vendor payments in Momentum that were unresolved for as long as two years. Our review determined that there was no automated method for canceling a payment transaction when the DO issued a replacement payment to a vendor. Also, service units were not always responding in a timely manner to OCFO requests for corrective action for rejected vendor payments. We recommended that OCFO determine if a returned payment could be automatically cancelled in Momentum when a replacement payment is issued. Such a feature (if cost beneficial) along with more emphasis on resolving and reducing the number of returned payments will decrease exposure to fraudulent use or manipulation of these funds.

**The Library/OCFO Can Improve COOP Preparedness**—We reviewed the DO's Continuity of Operations Plan (COOP) for operating offsite in the event of an emergency. We found certain issues which might hinder successful COOP operation at the offsite facility. We recommended that Library management seek funding to ensure that the issues we identified be addressed. We also recommended enhancements for the facility to ensure it could remain operational for 30 days if activated.

Management generally agreed with our findings and recommendations.

## **INTEGRATED SUPPORT SERVICES**

### **THE LIBRARY'S FEDERAL EMPLOYEES' COMPENSATION ACT PROGRAM: GENERALLY WELL MANAGED, BUT SOME IMPROVEMENTS ARE NEEDED**

**AUDIT REPORT No. 2008-PA-102**  
**SEPTEMBER 2008**

The Federal Employees' Compensation Act (FECA) provides workers' compensation benefits to Federal and Postal workers for employment-related injuries and occupational illnesses. The United States Department of Labor (DOL) administers this government-wide program. The Library's FECA program is managed by a Workers' Compensation Manager (WCM) within Integrated Support Services.

Our objectives in this audit were to 1) assess the timeliness and accuracy of claims processing, 2) evaluate the effectiveness of the program's organizational structure, policies, and procedures, and 3) determine whether the internal controls are adequate and effective.

While the FECA program is primarily administered by the DOL, the Library does perform a limited set of enabling tasks. We found those responsibilities performed in general compliance with DOL policies and procedures. Overall, the Library has a relatively low number of FECA claims (50 or fewer annually) and these claims are effectively processed and managed.

We concluded that there were some areas in the WCM's operations in need of improvement. The WCM is not filing claims timely in accordance with DOL's goals. The WCM's filing delays are partly due to supervisors and employees not being responsive to the WCM. Additionally, the WCM uses the GroupWise® e-mail program to keep track of upcoming deadlines. Health Services recently implemented an automated system for their medical records, but did not purchase the workers' compensation module. We also determined that the WCM could not effectively verify the Library's chargeback report from the DOL because HRS' data was insufficient. Lastly, the Library's FECA regulation, LCR 2018-5 was out of date.

We recommended that the Workers' Compensation Manager:



- continue offering FECA training to staff and supervisors; and
- improve its monitoring of the claims process.

We also recommended that the Chief Medical Officer:

- investigate the cost-effectiveness of the workers' compensation module which accompanies the medical records system;
- meet with Human Resources Services (HRS) about the data requirements needed on separated employees; and
- revise LCR 2018-5 as soon as possible.

Management agreed with our findings and recommendations and LCR 2018-5 is in the Office of the General Counsel for revision.

## **LIBRARY-WIDE**

### **REVIEW OF THE LIBRARY'S DIVERSITY MANAGEMENT PROGRAM**

**SPECIAL PROJECT NO. 2008-SP-104  
JULY 2008**

We performed a review of the Library's diversity management program and initiatives in response to a request by the Chairman of the Federal Workforce, Postal Service, and District of Columbia Subcommittee of the House of Representatives' Oversight and Government Reform Committee. Our objectives were to 1) determine whether the Library's diversity programs/initiatives are achieving better representation of women and minorities in top leadership positions; 2) evaluate the accuracy and completeness of the complaint and discrimination data the Library has reported to Congress; and 3) assess the extent to which the Library's diversity offices are independent of its General Counsel and the Librarian.

For the fiscal year ended September 30, 2007, the Library reported a total workforce of 3,786 staff of which 55.2 percent were women and 45.6 percent were minorities. Included in this workforce were 95 Senior Level Executives of which 43.2 percent were women and 21.1 percent were minorities.

Based on our review, we concluded that the representation of women and minorities in the Library's senior level

positions was relatively constant over the five-year period ending September 30, 2007; Library data on equal employment opportunity is accurate and complete; and the Library's Office of Workforce Diversity (OWD) and Equal Employment Opportunity Complaints Office are independent of the Library's General Counsel and Human Resources Director, and, to the extent practical, the Librarian.

The Library has made and is making genuine efforts to improve diversity in its workforce. Although diversity in the Library's senior level positions has remained constant since 2002, it was higher than that of the Senior Executive Service of the executive branch at the end of FY 2007. Moreover, the Library has made strides in improving diversification in its GS-13 to GS-15 positions, which bodes well for the future because GS-15 positions are widely considered the developmental pool for senior level jobs. Additionally, the Library is following most of the recommendations of the Government Accountability Office and the Equal Employment Opportunity Commission on best practices for promoting diversity and the OWD is putting more emphasis on identifying potential systemic barriers to greater minority representation in upper level positions.

The Library's diversity efforts were hindered by the limited availability of qualified applicants. According to the American Library Association, the percentage of credentialed minority librarians lags significantly behind the representation of minorities in the civilian labor force. This highlights the importance of grooming existing staff through training and mentoring programs.

In addition to increasing its emphasis on barrier analysis and measuring the diversity program's effectiveness, the Library needs to complete its succession planning efforts, which are a major element in diversity management. The Library also needs to ensure that the service units are committed to and implementing diversification activities.

Library management agreed with our findings and recommendations.



## **LIBRARY-WIDE**

### **COMPILATION OF THE FIVE LEGISLATIVE BRANCH IGs' REPORTS ON THEIR RESPECTIVE AGENCIES' DIVERSITY PROGRAMS FOR FY 2007**

SEPTEMBER 2008

In November 2007, the Chairman of the Federal Workforce, Postal Service, and the District of Columbia Subcommittee of the House of Representatives' Oversight and Government Reform Committee issued a report titled "Senior Executive Service: Women and Minorities are Underrepresented in Most Legislative Branch Agencies." This report discussed racial and gender diversity in the Senior Executive Service (SES) corps in the six legislative branch agencies during fiscal year (FY) 2007. The report presented three key findings:

- The SES corps were less diverse in terms of minorities than the agencies' workforces as a whole, and in four of the agencies, less diverse in terms of women;
- Representation of minorities in the legislative branch SES corps was stagnant, with representation of women improving only slightly between FYs 2002 and 2007; and
- General Schedule-15 successor pools at some of the agencies were less diverse than the SES corps.

In response to these findings, the Subcommittee Chairman requested in a letter dated November 14, 2007 that the legislative branch agencies' Inspectors General review their agencies' diversity programs, specifically to:

- Identify and assess the diversity programs of legislative branch agencies to determine if they are yielding the desired results (creating a more diverse population of women and minorities in top leadership positions [SES and GS-15]);
- Evaluate the accuracy and completeness of the complaints and discrimination data being reported to the Congress; and
- Assess to what degree the diversity offices are independent of their agency's general counsel and agency head.

To respond to the Chairman's request, IGs from five legislative branch agencies (Architect of the Capitol, Government Accountability Office, Government Printing Office, Library of Congress, and the United States Capitol Police) conducted reviews of their respective agencies'

management of workforce diversity, and specifically the management of senior level positions. The House of Representatives' IG and the Congressional Budget Office (another legislative branch agency) did not participate in this review.

The IGs' reviews culminated in five individual agency reports. The Library of Congress OIG coordinated the compilation, issued in September 2008, of the five reports. The compilation also became the subject of a hearing held by the Subcommittee in September 2008 (see page 28).

### **OPEN WORLD LEADERSHIP CENTER FISCAL YEAR 2007 FINANCIAL STATEMENTS**

FEBRUARY 2008

The mission of the Open World Leadership Center (the Center) is to enhance understanding between the United States and the countries of Eurasia and the Baltic States. The Open World Program enables emerging leaders from Russia and other Eurasian countries to experience American democracy and civil society in action. Since its founding by the Congress in 1999, the Open World Program has enabled nearly 10,500 current and future leaders from Russia, Ukraine, Lithuania, and Uzbekistan to experience American democracy and civil society, work with their American counterparts, live with American families, and gain new ideas and inspiration for implementing change at home. Today, the Open World Program is the largest U.S.-Russia exchange program and a proven model for exchanges for leaders from other Eurasian countries. The Center is an independent entity in the Legislative Branch governed by a board of trustees. Board members consist of members of the Congress and private citizens. The congressional leadership appoints congressional





members while the Librarian of Congress appoints citizen board members. The Librarian of Congress is currently the Chairman of the Board.

Under contract with the OIG, the accounting firm of Kearney & Company audited the Center's FY 2007 financial statements and issued its Independent Auditor's

The firm's auditors also performed tests of compliance with laws and regulations, and considered internal controls over financial reporting and compliance. In its audit of the Center, Kearney & Company found no material weaknesses in internal control and no reportable noncompliance with laws and regulations it tested.

We reviewed the firm's planning and approach to the audit and significant working papers, evaluated the auditors' qualifications and independence, monitored the progress of the audit, coordinated meetings with management, performed other procedures we deemed necessary, and reviewed and accepted Kearney & Company's report.



Report. The audit included the Center's balance sheet and the related statements of net costs, changes in net position, financing, and budgetary resources for the fiscal year then ended. The auditors concluded that the financial statements were presented fairly in all material respects, and in conformity with generally accepted accounting principles.



## U.S. COPYRIGHT OFFICE

### CONDITIONS IN THE PROCESSING OF COPYRIGHT CLAIMS

SEPTEMBER 2008

In July 2008, the Copyright Office (Copyright) fully implemented its new online copyright registration system, eCO. The system is a result of an initiative that Copyright embarked on in 2000 to reengineer its public services. It was developed to capture claim applications, prospective copyright material, and application fees in electronic form. In theory, the system should reduce processing times and greatly improve Copyright's efficiency and service to the public.

Our limited review of Copyright's claims processing under eCO identified two conditions that needed immediate attention to ensure that the Library of Congress' strategic goals of increasing the Library's collections and providing quality, efficient products and services were not compromised. Specifically,

- the processing time for most claims had risen to over nine months, and
- approximately 397,000 claims were in a steadily increasing backlog.

We attributed Copyright's conditions to two factors. First, Copyright management chose optical character recognition (OCR) technology at the inception of the eCO project as an attempt to reduce human intervention in the claims

registration process. OCR technology provides the means to read incoming claim applications via computer and using it was expected to reduce claims processing time. But, the technology turned out to be unreliable in reading letters and numbers affixed to application documents, and its flaws created an enormous workload increase for Copyright personnel that included proofing claims and in many cases, manually typing information from applications into eCO (a process referred to as "tagging"). Second, assumptions about the adoption of electronic claim filings were overly optimistic. Copyright management anticipated that the majority of the public would submit applications, deposits, and fees electronically through eCO. But instead, almost two-thirds of the submissions received by Copyright continued to be in



paper form. Procedures for processing paper claims are long and arduous under eCO, mainly because the claims must be manually proofed or keyed into the system. Moreover, when data was keyed into eCO, significant errors were

ABOVE: BRONZE TYMPANIUM BY OLIN L. WARNER REPRESENTING 'TRADITION' ABOVE MAIN ENTRANCE DOORS TO THE JEFFERSON BUILDING, OCCUPYING THE INSIDE ARCH IN THE PREVIOUS IMAGE. PHOTO BY CAROL M. HIGHSMITH



made which subsequently were identified and corrected by Copyright Registration Specialists before they attended to their assessment responsibilities. This additional work significantly hindered the Specialists' ability to perform their primary responsibilities in an efficient and timely manner. The steadily increasing claims backlog was yielding delays in the registration of copyright claims. In our view, the growing backlog will have a serious impact on the U.S. copyright system, negatively affect the Library's ability to provide researchers with current materials in a timely manner, and present the Library with a growing space and security of collections issue if it does not receive prompt attention. Accordingly, we urged Copyright to increase the number of Copyright Registration Specialists to assist the office in processing claims and enhance the incentives offered to the public to increase the number of electronic filings.

Copyright indicated that some of the conditions we had identified were improving, and generally agreed with our recommendations, except that management disagreed with our recommendation to consider using various employment flexibilities available to it to tailor staffing to its needs.

#### **INTEGRATED SUPPORT SERVICES** FACILITY SERVICES

##### **FOLLOW-UP: OPPORTUNITIES EXIST TO IMPROVE SPACE MANAGEMENT**

**AUDIT REPORT No. 2004-PA-104**  
**SEPTEMBER 2008**

In July 2005, we issued an audit report on the performance and management of the Library's space planning operations. The audit indicated that many areas within the Library were both under- and over-utilized due to the lack of standards for space usage. The report included 20 recommendations that called on Integrated Support Services (ISS) to address space management issues.

We recently completed a follow-up review to determine if ISS had addressed and taken corrective action in response to four of the 2005 report's recommendations. Those called for ISS to:

- establish and implement space utilization metrics and uniform office and workstation standards to ensure consistent and equitable use of space among service and

support units;

- implement design policies for new work areas that maximize worker productivity and job satisfaction and emphasize maximum access to daylight and outdoor views;
- develop a long-term space management plan which identifies under-utilized space; and
- consolidate and centralize conference and training rooms to reduce inefficient use of space.

We found that ISS had addressed and taken corrective action in response to the first three recommendations, but not the fourth. We found that ISS had not implemented the fourth recommendation nor taken other actions to reduce the number of conference and training rooms in the Library's Madison building. In fact, the number of conference and training rooms increased by 23 and 67 percent, respectively, since 2005. In 2005, the Library had 82 conference rooms in the Madison building consuming 25,782 USF (usable square feet) and 12 training rooms consuming 7,664 USF (33,446 total USF). As of September 2008, there were 101 conference rooms and 20 training rooms totaling 42,259 USF in the Madison building.

In addition to the increased number of conference and training rooms, we found that ISS had not enforced a directive, issued by the Librarian on January 1, 2006, that required service and support units to list their conference rooms for scheduling through Public Program Services. Consolidating and centrally locating conference rooms would make a substantial contribution toward efficiency in the Library's use of floor space. Accordingly, we reaffirmed through our follow-up report our 2005 recommendation calling for ISS to consolidate and centralize the Library's conference and training rooms. We also recommended that ISS track the usage of newly created training and conference rooms and to make the rooms accessible to all service units by listing them under Public Program Services.

Management concurred with our recommendation.

**OFFICE OF SECURITY AND  
EMERGENCY PREPAREDNESS**

**FOLLOW-UP: EMERGENCY PREPAREDNESS PROGRAM**

AUDIT REPORT NO. 2005-PA-104  
MARCH 2007

In March 2007, we issued a report on the Library's Emergency Preparedness Program (EPP). In August 2008, we completed a follow-up designed to evaluate management's progress on implementing the report's recommendations. We reported that the Office of Security and Emergency Preparedness (OSEP) has implemented most of our recommendations, leaving only one recommendation outstanding. We found that OSEP:

- updated and reissued LCR 211-3, which defines the authority and responsibilities for the EPP;
- updated the 2003 Comprehensive Emergency Plan with security measures prescribed by the Department of Homeland Security and other applicable laws and regulations;
- retained the three category Emergency Preparedness Decision matrix because of the current structure of the Library's EPP. Based on consultation with OSEP, we concluded that the recommendation to reduce the categories to two should be closed;
- is providing comprehensive training that defines an Office Emergency Coordinator's role and responsibilities during an emergency and developed an annual training plan that provides classes and instructions for several categories of Library staff and tracks all training taken by employees;
- implemented several initiatives to improve communications with disabled staff and disability monitors. Also, with assistance from the Office of Workforce Diversity, OSEP has continued to work closely with disabled staff in an effort to improve assistance during an emergency;
- is improving coordination and communication with the U.S. Capitol Police (USCP) for emergency preparedness. Since our original report, progress has also been made on the merger between the USCP and the Library's police force with the USCP having authority to direct emergency operations under a Memorandum of Understanding; and

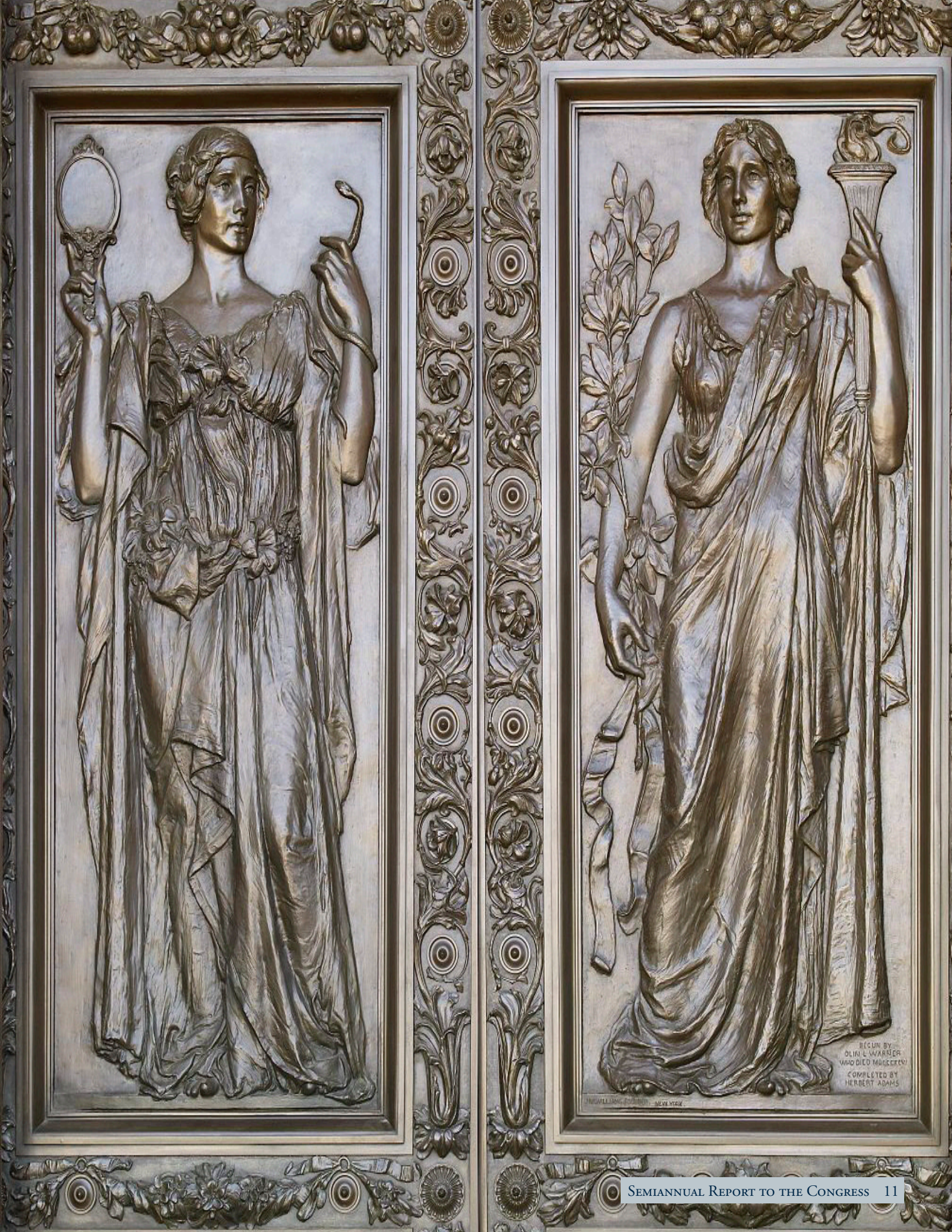
- concluded that existing emergency procedures for the Architect of the Capitol (AOC) were adequate. The AOC actively participates in all emergency planning and training exercises and maintains documentation defining its responsibilities at the Library during an emergency.

In our original review we found that complex threats were not considered in the Library's emergency response plans. An emergency plan should be based on the hazards and threats that may occur. We recommended that OSEP develop or obtain a current threat/risk assessment and use it as a basis for a comprehensive hazard mitigation plan. In response, OSEP is conducting an analysis and has expanded it to include reviewing risk assessments of the collections by service units and to consider the impact of legislation requiring USCP to prepare recommendations for the management of security functions affecting the Library.

OSEP is currently soliciting assistance from all Library service/support units, including the Office of the Inspector General, to assess the effects of the future merger of the Library's police force with USCP. Therefore, OSEP has not been able to complete a comprehensive threat/risk assessment for the Library. This recommendation remains unimplemented and our office will continue to review OSEP's progress on this issue.

*FACING PAGE: BRONZE DOORS BY OLIN WARNER AND HERBERT ADAMS AT THE MAIN ENTRANCE TO THE JEFFERSON BUILDING. THE FEMALE FIGURES DEPICTED REPRESENT TRUTH (HOLDING A MIRROR AND SERPENT) AND RESEARCH (HOLDING THE TORCH OF KNOWLEDGE). PHOTO BY CAROL M. HIGHSMITH*





DESIGNED BY  
OLIVIERO TOSCANI  
COMPLETED BY  
HERBERT ADAMS



## INVESTIGATIONS

During the reporting period we received 63 allegations, opened 53 investigations, and closed 65. We referred six cases to the U.S. Attorney's Office; five were accepted. We forwarded five cases to Library of Congress management for administrative action. Case and Hotline activity are detailed below:

**TABLE 1: INVESTIGATION CASE ACTIVITY**

	CRIMINAL/CIVIL	ADMINISTRATIVE	TOTAL
From Prior Reporting Period	9	56	65
Opened	6	47	53
Closed	1	65	66
	.....		
End of Period	14	38	52

**TABLE 2: HOTLINE ACTIVITY**

	COUNT
Allegations received	5
Referred to management for action	-
Opened as investigations	5
Closed with no action	2







## **SIGNIFICANT CRIMINAL AND ADMINISTRATIVE INVESTIGATIONS**

### **BLOCKING ACCESS TO THE INTERNET**

The OIG has long advocated that the Library employ internet filtering to block employee access to inappropriate Web site content. In the past year we have focused significant investigative resources on this area and found several Library employees accessing illegal and inappropriate sites. In July 2008, the Library installed blocking capabilities on its computer systems which restrict access to many inappropriate sites. We commend the Library's actions.

### **INAPPROPRIATE USE OF THE INTERNET**

We initiated and/or completed five investigations involving employees using Library computers or electronic media devices to access inappropriate internet material during this reporting period. One employee received a written reprimand and a senior Library manager received a 30-day suspension. Administrative action on the other three cases is pending.

### **CHILD PORNOGRAPHY**

As a result of our initiative to detect inappropriate or illegal use of Library computers, two employees and one public researcher have become the focus of criminal investigations. OIG Special Agents, working with federal prosecutors, obtained and executed search warrants to obtain evidence to prosecute these cases.

As previously reported, one employee has been prosecuted for possession of child pornography and was sentenced during the reporting period to 10 years of incarceration, the maximum sentence allowed. This employee accessed the illegal material from several office spaces using Library computers and its communications network. While searching the employee's residence, we obtained video evidence that the employee previously had inappropriate contacts with children.

A second Library of Congress employee plead guilty to possession of more than 300 computer files containing child pornography and will be sentenced later this year. A third criminal investigation is currently underway. We will report on the outcome of this case in our next semiannual report.

### **IDENTITY THEFT**

An ongoing investigation has revealed that several current and former Library employees have fallen victim to identity theft. We determined that the point of compromise was a Library employee who was selling the personally identifiable information to individuals outside of the Library for use in criminal activities.

To date, approximately \$120,000 in fraud-related loss has been detected. The Library has also incurred \$83,000 in costs to purchase credit monitoring for every Library employee due to the breach of security.

Several victims sent a collective memorandum to the Inspector General in appreciation of the work of OIG investigators on this case, specifically complimenting the OIG for focusing on their needs.

### **PROVISION OF MISINFORMATION**

We received an allegation that a senior Library employee may have been coerced into retiring during an EEO sexual harassment case. Our investigation revealed that the employee had been erroneously advised by management on the law relating to loss of pension benefits. We reported the incident to the Chief Operating Officer and the misinformation was subsequently corrected before the employee retired.



DISTRIBUTION OF NLS MATERIALS  
ON A YAHOO!® NEWS GROUP SITE

The Director of the National Library Service for the Blind and Physically Handicapped (NLS) reported improper offers to distribute NLS materials on a Yahoo!® news group site. The OIG monitored activity over several weeks and identified several postings containing suspected NLS materials. We identified one additional subject and the newsgroups' moderator. We provided the names and e-mail addresses of the moderator and two subjects to the Library's General Counsel who issued a cease and desist letter to all three individuals. The site no longer exists.





# UNIMPLEMENTED RECOMMENDATIONS

**TABLE 3A: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED**

SUBJECT	REPORT NO. AND ISSUE DATE	OFFICE	REC. NO.	SUMMARY AND STATUS OF RECOMMENDATION
Office of the Chief Financial Officer (OCFO)				
Performance-based Budgeting	2004-FN-501 September 2006	Strategic Planning Office/ Budget Office	IV	Coordinate more closely the Workforce Transformation and Workforce Performance efforts—The Library continues to move forward on implementing performance management goals in its service/support units. The newly formed Office of Workforce Performance and Development in Human Resources Services is leading this process with focus on training, performance development, managerial succession, and identification of core competencies.
Human Resources Services (HRS)				
Human Resources Policies	2005-AT-902 March 2007	Human Resources Services	II.c	The Library should establish a supervisor's manual—HRS expects to complete the manual by March 31, 2009.
Office of Security and Emergency Preparedness (OSEP)				
Emergency Preparedness Program	2005-PA-104 March 2006	OSEP	III	Develop or obtain a threat/risk assessment—OSEP is determining the Library's vulnerabilities in coordination with all Library units and will coordinate the risk assessment with the U.S. Capitol Police.
Integrated Support Services (ISS)				
Facilities Design & Construction Faces Challenges in Providing Service	2006-PA-107 September 2007	Integrated Support Services	I.1	Collect the information needed to effectively forecast the staffing resources required by FD&C—The forecasting information needed is currently being collected by a contractor and was scheduled to be completed by October 1, 2008, with staffing forecasts due in December 2008.
Facilities Design & Construction Faces Challenges in Providing Service	2006-PA-107 September 2007	Integrated Support Services	II.1	Place a priority on completing the Project Delivery Manual—The Project Delivery Manual is under development and is scheduled for completion in November 2008.
Facilities Design & Construction Faces Challenges in Providing Service	2006-PA-107 September 2007	Integrated Support Services	II.5	Implement post occupancy evaluations to assess the outcome of its design efforts—A post occupancy evaluation survey is under development and will be issued during the second half of FY 2009.
Facilities Design & Construction Faces Challenges in Providing Service	2006-PA-107 September 2007	Integrated Support Services	V. 1	Establish goals for the completion of FAST service requests by type of request—ISS expects that the goals will be in place by the end of the second quarter of FY 2009.
Facilities Design & Construction Faces Challenges in Providing Service	2006-PA-107 September 2007	Integrated Support Services	V. 2	Create a "triage" system to reorder and allocate resources based on its current workload and resource balance—Review of the recommended "triage" system will commence following completion of the Project Delivery Manual and staffing resources review.

## UNIMPLEMENTED RECOMMENDATIONS

**TABLE 3A: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED**

SUBJECT	REPORT NO. AND ISSUE DATE	OFFICE	REC. NO.	SUMMARY AND STATUS OF RECOMMENDATION
Facilities Design & Construction Faces Challenges in Providing Service	2006-PA-107 September 2007	Integrated Support Services	V. 3	Establish timeframes for the completion of various project types—Application of time frames to various project types will be implemented following completion of the Project Delivery Manual and staffing resources review by ISS' business process reengineering contractor.
Review of the Requirements Analysis for the Proposed Fort Meade Logistics Center	2006-SP-802 March 2008	Integrated Support Services	I	The Library should critically analyze its strategy for providing storage space for materials in order to determine the best storage strategy for various types of materials—ISS commissioned a study to examine storage usage at the Library's Landover Center Annex. The final report is scheduled for delivery October 31, 2008.
Review of the Requirements Analysis for the Proposed Fort Meade Logistics Center	2006-SP-802 March 2008	Integrated Support Services	III	ISS/Facility Services should reevaluate the three questionable surge allowances—Logistics is working with a consultant to review and evaluate present and future storage needs. A final report is scheduled for delivery October 31, 2008.
Review of the Requirements Analysis for the Proposed Fort Meade Logistics Center	2006-SP-802 March 2008	Integrated Support Services	IV	Facility Services should recalculate the growth factor starting from a "clean" baseline and consider leasing storage space on an as-needed basis to accommodate potential growth in storage requirements—ISS will recalculate growth factors and will have the Architect of the Capitol evaluate commercial leasing alternatives during FY 2009.
Library Services (LS)				
Utilization of Reading Rooms	2003-PA-104 March 2004	Library Services	II.1	Develop a decision model for determining reading room space requirements—Despite its previous target date of May 2008, Library Services is still collecting reading room usage data and is not ready to develop a decision model.
Utilization of Reading Rooms	2003-PA-104 March 2004	Library Services	II.2	Use the decision model to make decisions about reading room, office space, and storage requirements—Library Services (LS) is still collecting reading room usage data and is not ready to develop a decision model. LS also needs to coordinate its data with possible space reprogramming initiated by the Librarian's Office.
Collections Acquisitions Strategy	2006-PA-104 December 2006	Library Services	II.3	Review the collections policy statements at least once every five years—In May 2008, Library Services initiated a review of all collections policy statements; draft updated versions of the 75 collections policy statements were scheduled to be posted online in October 2008 for general staff review.
Collections Acquisitions Strategy	2006-PA-104 December 2006	Library Services	III.1	Develop and communicate to recommending officers criteria for recommending activities—Library Services will determine in FY 2009 how to implement consistent standards, taking into account the recommendations of the strategic working group.
Collections Acquisitions Strategy	2006-PA-104 December 2006	Library Services	IV.2	Consider creating a full-time Digital Subscriptions Manager—Library Services will make a decision in FY 2009 about creating this position.



**TABLE 3A: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED**

SUBJECT	REPORT NO. AND ISSUE DATE	OFFICE	REC. NO.	SUMMARY AND STATUS OF RECOMMENDATION
Office of Strategic Initiatives (OSI)				
Financial Management Policies of the NDIIPP	2006-PA-105 March 2007	NDIIPP	I	More effective procedures to monitor costs are needed—OSI hired personnel to monitor and conduct oversight of cooperative grant agreements. Procedures are currently under development.
Financial Management Policies of the NDIIPP	2006-PA-105 March 2007	NDIIPP	II	OSI needs to improve oversight of NDIIPP partners' matching requirements—OSI hired personnel to monitor and conduct oversight of cooperative grant agreements. Procedures are currently under development.
Financial Management Policies of the NDIIPP	2006-PA-105 March 2007	NDIIPP	III	OSI needs to formalize and fully implement NDIIPP draft procedures—OSI hired personnel to monitor and conduct oversight of cooperative grant agreements. Procedures are currently under development
The Library Should Explore Alternative Long-Distance Telephone Service Providers	2007-CA-101 March 2008	ITS	I	ITS should compare the cost of obtaining long-distance telephone service through the AOC contract with the cost of obtaining that service from alternative service providers to find the best value to the Library—ITS has contacted the Office of Contracts and Grants Management to negotiate better long-distance pricing when the long-distance service contract is renewed in FY 2009.
The Library Should Explore Alternative Long-Distance Telephone Service Providers	2007-CA-101 March 2008	ITS	II	ITS should: 1) develop and implement written procedures to guide and control the long-distance bill review and payment approval process, and 2) explore acquiring a new automated system to provide more effective accounting for the Library's telephone calls—ITS is in the process of developing standard written procedures to guide and control the long-distance review and payment approval process; in lieu of acquiring a new automated call accounting system, ITS upgraded its existing system.
Office of the Librarian (LIBN)				
Dispute Resolution Center	2002-PA-104 September 2003	Office of Workforce Diversity	III	Revise Library of Congress Regulation (LCR) 2020-7 to allow complainants to use dispute resolution during the formal EEO complaint process—As soon as the reorganized Office of Workforce Diversity is staffed, the LCR will be rewritten to include this change.
Equal Employment Opportunity Complaints Office	2001-PA-104 February 2003	Office of Workforce Diversity	I	Evaluate and revise LCR 2010-3.1—As soon as the reorganized Office of Workforce Diversity is staffed, the LCR will be rewritten to include this change.
Succession Planning	2004-PA-105 March 2005	Office of the Librarian	I.1	Mandate a Library-wide succession planning program that endows HRS with a strong leadership role—The draft Agency Succession Management Plan was presented to the Executive Committee in September 2008 and its implementation is targeted for October 31, 2008.

## UNIMPLEMENTED RECOMMENDATIONS

**TABLE 3A: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED**

SUBJECT	REPORT NO. AND ISSUE DATE	OFFICE	REC. NO.	SUMMARY AND STATUS OF RECOMMENDATION
Office of Contracts- Service Remains Less Than Satisfactory	2007-PA-102 September 2007	Office of Contracts	III	Establish and issue the procurement policy and procedures manual referred to in LCR 2110—The manual is targeted for completion in December 2008.
Office of Contracts- Service Remains Less Than Satisfactory	2007-PA-102 September 2007	Office of Contracts	IV	Continue coordinating with OCFO to identify opportunities for modifying/improving Momentum—The Contracts Office has hired a contractor to assess Momentum’s acquisition module and to identify system improvements.
Office of Contracts- Service Remains Less Than Satisfactory	2007-PA-102 September 2007	Office of Contracts	V	Establish and issue policy that officially implements details of OMB’s acquisition training policy—The Contracts Office will conduct a “needs assessment” to determine the training needed.
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Non- Compl. Reason 4	The Library’s general lack of compliance with certain Federal Acquisition Regulation (FAR) requirements may be due in part to uncertainty regarding whether it is Library policy to implement those requirements—The Contracts Office is working with the Office of General Counsel and the Office of the Chief Financial Officer to address uncertain policy areas.
Information Technology Review of the Raiser’s Edge Software Program	2006-IT-302 December 2007	Development Office	I	For the Raiser’s Edge System, the Development Office should improve certain security features—The Development Office is waiting for a software upgrade to test changes.
Information Technology Review of the Raiser’s Edge Software Program	2006-IT-302 December 2007	Development Office	II	The Director of the Development Office should ensure that the Raiser’s Edge system undergoes Certification and Accreditation (C&A)—The C&A process was initiated during this semiannuual period.
Information Technology Review of the Raiser’s Edge Software Program	2006-IT-302 December 2007	Development Office	III	System managers for Raiser’s Edge should regularly review the system’s transaction logs for suspect data events—The Development Office is waiting for a software upgrade to implement this recommendation.





ABOVE: PROFILE OF A CHERUB ON THE BASE OF A LAMP POST AT THE MAIN ENTRANCE TO THE JEFFERSON BUILDING



## IMPLEMENTED RECOMMENDATIONS

**TABLE 3B: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION WAS COMPLETED DURING THIS PERIOD**

SUBJECT	REPORT NO. AND ISSUE DATE	OFFICE	REC. NO.	SUMMARY OF RECOMMENDATIONS AND ACTIONS
Office of the Chief Financial Officer (OCFO)				
Management Control Program	2004-PA-106 March 2006	Strategic Planning Office	II	Implement an automated tracking system—An automated tracking system has been developed, tested, and is in the process of implementation.
Performance-based Budgeting	2004-FN-501 September 2006	Strategic Planning Office/ Budget Office	I	Develop a formal plan for implementing Performance-based Budgeting—The Library has revamped its strategic planning process, annual performance goals, annual performance plan assessment, and congressional budget justification format to conform with the spirit of the Government Performance and Results Act (GPRA). It continues to refine and emphasize GPRA-based management and reporting.
Performance-based Budgeting	2004-FN-501 September 2006	Strategic Planning Office/ Budget Office	III	The Library needs a performance management system—The Library has developed and installed eLC Plans, an automated tracking of service/support unit progress on annual performance goals, and a management dashboard reporting system that tracks service/support unit progress on performance goals and other key operating activities. The Library will continue to refine and improve these performance management reporting tools.
Office of Strategic Initiatives (OSI)				
Lead Institutions Need to Improve NDIIPP Monitoring	2007-FN-101 September 2007	NDIIPP	II	OSI needs to revise draft monitoring procedures for payment approvals to comply with OMB cost circulars—OSI has developed and implemented proper procedures for monitoring the financial activities in the NDIIPP.
Integrated Support Services (ISS)				
Facilities Design & Construction Faces Challenges in Providing Service	2006-PA-107 September 2007	Integrated Support Services	V. 4	Increase the monitoring of the FAST requests and investigate any request outstanding for more than the planned time—This recommendation has been implemented and has been integrated into the annual Management Plan.
Facilities Design & Construction Faces Challenges in Providing Service	2006-PA-107 September 2007	Integrated Support Services	VI	Stress to the service providers the importance of inputting the completion date as soon as the job is completed—Recommendation fully implemented.
Review of the Requirements Analysis for the Proposed Fort Meade Logistics Center	2006-SP-802 March 2008	Integrated Support Services	II	Facility Services should consider implementing a reimbursement-based procedure for warehouse storage. At minimum, Logistics Services should conduct periodic reviews or inventories of materials stored by service and support units and communicate this information to the service and support units—ISS does not plan to implement the recommended reimbursement-based procedure. It plans to initiate semiannual cycle counts of service/support units' inventories stored in the warehouse beginning FY 2009.

**TABLE 3B: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION WAS COMPLETED DURING THIS PERIOD**

SUBJECT	REPORT NO. AND ISSUE DATE	OFFICE	REC. NO.	SUMMARY OF RECOMMENDATIONS AND ACTIONS
Facilities Design & Construction (FD&C) Faces Challenges in Providing Service	2006-PA-107 September 2007	Integrated Support Services	IV	Reinforce Facility Services centralized role in space planning and design—The Library's Chief Operating Officer is working closely with Facility Services to ensure its centralized oversight role in space planning and design.
Facilities Design & Construction Faces Challenges in Providing Service	2006-PA-107 September 2007	Integrated Support Services	V.5	Involve customers further in the process—FD&C is now meeting with new customers early in the design phase to ensure proper introduction of its process. FD&C is also taking customers to on-site model offices to ensure a better visualization of the finished product.
Survey of Office Systems Services' (OSS) Handling of Imported Materials	2008-AT-901 February 2008	Office Systems Services	I	OSS should promptly draft and promulgate procedures for shippers of materials which, among other things, specify how overseas shipments intended for the Library should be addressed—OSS has implemented the recommended procedures.
Survey of Office Systems Services' Handling of Imported Materials	2008-AT-901 February 2008	Office Systems Services	II	OSS officials should scrutinize invoices received from its customs broker and request a supporting explanation/documentation for line item charges when reason for charge is unclear—OSS has implemented the recommended procedures.
Survey of Office Systems Services' Handling of Imported Materials	2008-AT-901 February 2008	Office Systems Services	III	OSS should competitively bid the customs broker contract—OSS pointed out that as a micro-purchase, the contract may not be subject to competition; however, OSS is reviewing pricing to ensure it is receiving cost-effective service.
Office of the Librarian (LIBN)				
Office of Contracts-Service Remains Less Than Satisfactory	2007-PA-102 September 2007	Office of Contracts	I	Fund three additional contract specialist positions—The Contracts Office has hired a contract specialist and has open continuous job announcements to fill additional positions.
Office of Contracts-Service Remains Less Than Satisfactory	2007-PA-102 September 2007	Office of Contracts	II	Assess workforce needs annually and update hiring strategies—The Contracts Office has developed staff training measurements and hired a contract specialist to review and make recommendations for improving operational efficiencies.
Office of Contracts-Service Remains Less Than Satisfactory	2007-PA-102 September 2007	Office of Contracts	VI	Recruit and select a Director of the Office of Contracts and Grants Management—This position was filled.
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Major Finding 1	The Library generally does not comply with FAR requirements regarding contract format or contract file maintenance—The Contracts Office implemented a procedure which provides instructions on what contract files will contain and how they will be maintained.



## IMPLEMENTED RECOMMENDATIONS

**TABLE 3B: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION WAS COMPLETED DURING THIS PERIOD**

SUBJECT	REPORT NO. AND ISSUE DATE	OFFICE	REC. NO.	SUMMARY OF RECOMMENDATIONS AND ACTIONS
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Major Finding 2	The Library generally does not comply with requirements regarding acquisition planning—The Contracts Office implemented a procedure which provides instructions on acquisition planning.
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Major Finding 3	The Library generally does not comply with requirements calling for supplies and services to be purchased at fair and reasonable prices and for justifications for corresponding price decisions—The Contracts Office implemented a procedure which addresses these requirements.
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Major Finding 4	Key Library contracting duties and numerous decisions critical to the Library's contracting process have been accomplished by persons who are not authorized or trained to perform them—The Contracts Office implemented a procedure which provides instructions on how the Contract Review Board will ensure Contracting Officers comply with prevailing laws, rules, regulations, and Library of Congress policies relating to contracting and procurement.
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Major Finding 5	The Library generally has not complied with Library requirements to affirmatively determine the responsibility of a prospective contractor before awarding a contract—The Contracts Office implemented a procedure which provides instructions on how the Library Contract Review Board will address contractor responsibility pursuant to FAR Part 9.
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Major Finding 6	The Library does not comply with the requirement to verify a prospective contractor's registration in the Central Contractor Registration (CCR) database before awarding contracts—The Contracts Office implemented a procedure which provides instructions on how the Contract Review Board will verify that a contractor is registered with the CCR.
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Major Finding 7	Most contracts reviewed did not comply with the Service Contract Act of 1965 (SCA). To comply with the SCA, agencies are required to check with the Department of Labor to determine prevailing geographic area wages for the service that will be provided through the contract—The Contracts Office implemented a procedure which requires the Contract Review Board to document comparison of proposed rates with rates established by the Department of Labor.

**TABLE 3B: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS  
FOR WHICH CORRECTIVE ACTION WAS COMPLETED DURING THIS PERIOD**

SUBJECT	REPORT NO. AND ISSUE DATE	OFFICE	REC. NO.	SUMMARY OF RECOMMENDATIONS AND ACTIONS
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Major Finding 8	A number of contracts reviewed were awarded as fixed-price contracts, but appeared to have the characteristics of cost-reimbursement contracts—A newly implemented procedure requires that the Contract Review Board review and verify that the appropriate contract type is awarded.
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Major Finding 9	Many contract modifications were not processed according to required procedures—The Contracts Office provided training to contract staff on awarding contracts and processing contract modifications and options.
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Major Finding 10	Only two out of the 13 largest contracts containing options that were reviewed included contract options that were properly justified, authorized, or supported according to Library-required procedures—The Contracts Office provided training to contract staff on awarding contracts and processing contract modifications and options.
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Non-Compl. Reason 1	Many of the various Library staff who participate in the contracting process do not adequately understand Library and FAR procurement requirements and therefore are not prepared to perform their respective duties—The Contracts Office hired five new employees with extensive contracting/business backgrounds within the last six months.
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Non-Compl. Reason 2	Contracting module may not be configured correctly—The Contracts Office hired a contractor to assess Momentum's acquisition module to identify system improvements, and assist in making Momentum an adequate procurement management system.
Lack of Compliance with Library Contracting Policy is Widespread	2008-SP-101 March 2008	Office of Contracts	Non-Compl. Reason 3	The contract review and approval process has not exposed systemic contracting issues that negatively affect the contract function—The Contracts Office has implemented Operating Instruction No. 1003 revising the review and approval process conducted by the Contracting Review Board.
<b>Human Resources Services (HRS)</b>				
Human Resources Policies	2005-AT-902 March 2007	Human Resources Services	II.d	The Library should establish an employee manual—HRS completed the manual and has posted it to the HRS Web site.



## FUNDS QUESTIONED OR PUT TO BETTER USE

**TABLE 4: AUDITS WITH RECOMMENDATIONS FOR BETTER USE OF FUNDS**

REPORTS...	NUMBER	VALUE
...for which no management decision was made by the start of the period:	-	-
...issued during the period:	-	-
Subtotal	-	-
...for which a management decision was made during the reporting period:		
value of recommendations agreed to by management	-	-
value of recommendations not agreed to by management	-	-
...for which no management decision was made by the end of the reporting period:	-	-
...for which no management decision was made within six months of issuance:	-	-

**TABLE 5: AUDITS WITH QUESTIONED COSTS**

REPORTS...	NUMBER	VALUE
...for which no management decision was made by the start of the period:	-	-
...issued during the period:	-	-
Subtotal	-	-
...for which a management decision was made during the reporting period:		
value of recommendations agreed to by management	-	-
value of recommendations not agreed to by management	-	-
...for which no management decision was made by the end of the reporting period:	-	-
...for which no management decision was made within six months of issuance:	-	-

## **INSTANCES WHERE INFORMATION OR ASSISTANCE REQUESTS WERE REFUSED**

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No information or assistance requests were refused during this period.

## **STATUS OF RECOMMENDATIONS WITHOUT MANAGEMENT DECISIONS**

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During the reporting period there were no recommendations more than six months old without management decisions.

## **SIGNIFICANT REVISED MANAGEMENT DECISIONS**

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During the reporting period there were no significant revised management decisions.

## **SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH OIG DISAGREES**

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During the reporting period there were no significant disagreements with Library management about decisions on OIG recommendations.

## **FOLLOW-UP ON PRIOR PERIOD RECOMMENDATIONS**

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In this semiannual period, we followed up on all open recommendations from our prior semiannual period. Comments on the status of individual recommendations appear in table 3A. Recommendations implemented during the period appear in table 3B.



## OTHER ACTIVITIES

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### **INSPECTOR GENERAL PARTICIPATES IN CONFERENCE ON COLLECTIONS SECURITY**

MAY 2008

The Inspector General was a guest speaker on collections security at the Ligue des Bibliothèques Européennes de Recherche (Association of European Research Libraries [LIBER]) conference in May at the invitation of the host British Library in London. LIBER is the principal association of research libraries and national library organizations in Europe.

The stewardship responsibility for securing library collections is important in light of recent incidents at some of the world's largest libraries. This conference provided a forum for sharing information on market intelligence, technology, trend analysis, and research into collections security, and communicated some new ideas and experiences in safeguarding collections. The conference included a closed round table that provided a means of further exploring library collections risk management, investigating incidents, and preventing loss.

The Inspector General served on a panel with the Director General of the National Library of France and discussed the development of the Library's collections security program and the role of the Inspector General regarding collections security at the Library of Congress. The conference was attended by representatives from Great Britain, the Netherlands, Denmark, Sweden, and other European national libraries; as well as numerous academic libraries including Oxford, Cambridge, King's College, and Harvard; the New York Public Library; and various archives and museums.

### **INSPECTOR GENERAL TESTIFIES ON WORKFORCE DIVERSITY**

SEPTEMBER 2008

The Inspector General testified before the House Committee on Oversight and Government Reform, Subcommittee on Federal Workforce, Postal Service, and the District of Columbia on September 16, 2008 concerning workforce diversity. The testimony was based on an audit of the

Library's diversity management program and initiatives in response to the Subcommittee's request of November 14, 2007.

The IG reported that for the fiscal year ended September 30, 2007, the Library recorded a total workforce of 3,786 staff of which 55.2 percent were women and 45.6 percent were minorities. These percentages are above federal and civilian workforce levels. Included in these numbers are 95 senior level executives of which 43.2 percent were women and 21.1 percent were minorities. The representation of both women and minorities is significantly higher than the government-wide average and slightly lower than the civilian labor force.

Women are similarly represented in the developmental pool; however, minority representation in the development pool is lower than the government and civilian workforces. The IG also testified that the Library of Congress:

- Is adopting many of the best practices in diversity management;
- Has made progress in improving the developmental pool;
- Has an independent diversity office; and
- Workforce diversity data is accurate and complete.

The Inspector General concluded that overall, the Library is committed to diversity and has an effective diversity program, if fully implemented. The OIG determined, and the Library agreed, that there are several ways to further improve the diversity program. A summary of our July 2008 report and our recommendations are summarized on page 5.

### **CONGRESS REQUESTS PUBLIC ACCESS TO OIG REPORTS**

JUNE 2008

The Chairman of the Committee on House Administration in a June 24, 2008 letter expressed appreciation for OIG efforts in reviewing operations of the Library and his belief that the Library would benefit from wider dissemination

of our findings to include posting reports on our Web site. In addition, he requested copies of all reports issued under the current Inspector General's tenure, dating back to March 12, 2001.

We have fulfilled the request for archive reports and are preparing to post digital reports on our Web site. When posted, the reports will be available at [www.loc.gov/about/oig](http://www.loc.gov/about/oig).

## **FIXED ASSET CONTROL SYSTEM**

### **APRIL 2008**

During this reporting period, we issued a memorandum discussing a significant breakdown in the Library's fixed asset control system. This breakdown ultimately resulted in the report of a material weakness by the external auditors in the Library's FY 2007 financial statements.

Integrated Support Services (ISS) is responsible for maintaining the Library's fixed asset control system, reconciling this system to the Library's general ledger, and conducting annual fixed asset inventories. During the Library's FY 2007 financial audit, ISS advised the Office of the Chief Financial Officer (OCFO) that it could not locate a significant number of the Library's fixed assets.

We reviewed the variances and related reconciliations. We concluded that the Library's fixed asset control system was neither designed nor operating properly. There were control weaknesses throughout the fixed asset lifecycle, including the processes to:

- capitalize new assets,
- periodically reconcile subsidiary systems to the general ledger,
- maintain records to accurately account for physical inventory variances,
- dispose of retired assets, and
- oversee property records.

We analyzed the internal control system related to fixed assets and found that ISS was substantially responsible for the breakdown in the system. The Library had to make significant adjustments to its FY 2007 financial statements. Since these control issues continued well into FY 2008, it is likely that the

material weakness will also appear in the auditors' FY 2008 report. Finally, this breakdown resulted in significant delays and substantial added audit costs in issuing the auditors' opinion on both the Library and Madison Council FY 2007 financial statements.

Subsequent to our April memorandum, ISS and OCFO took prompt action to correct the weaknesses. As a result, the system of internal controls for fixed assets has been drastically redesigned, with OIG input, and a revised Library of Congress regulation has been issued to reflect these changes. The new process has been put in place, and directives which address the specifics of the new process are either issued or are currently being drafted. We commend ISS and OCFO for their prompt action on this matter.



## REVIEW OF LEGISLATION AND REGULATIONS

**TABLE 6: REVIEW OF LIBRARY OF CONGRESS REGULATIONS**

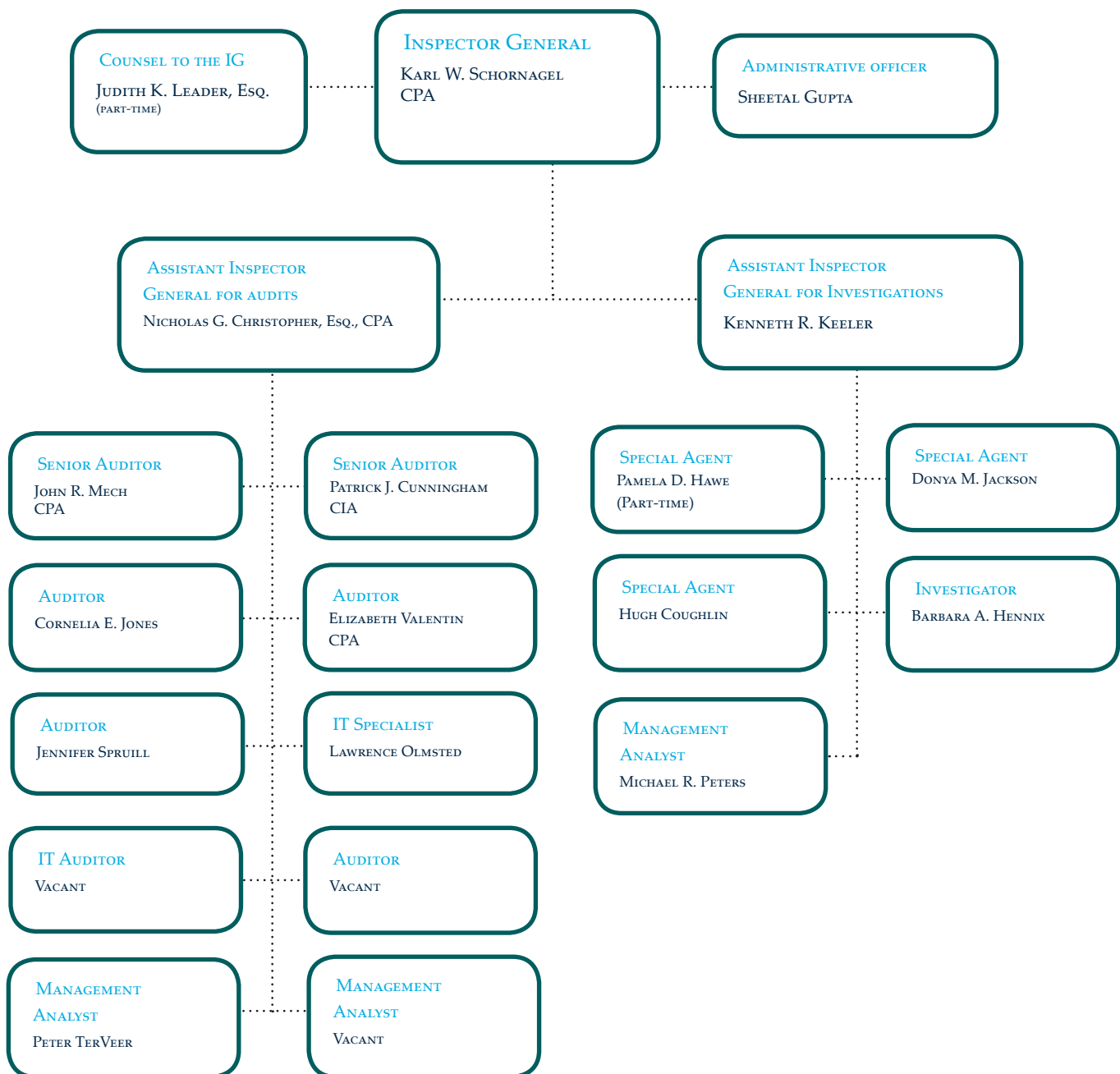
LCR REVIEWED	COMMENTS BY THE OFFICE OF THE INSPECTOR GENERAL
LCR 1615-1 Inventory Control of Equipment and Furniture Owned or Leased by the Library of Congress	Due in part to the external auditors' report of a material weakness in this area, we made multiple recommendations to improve controls. We met several times with the Offices of the General Counsel, Chief Financial Officer, and Logistics Services to discuss specific control issues. The control system has now been redesigned from the ground up with particular emphasis on problem areas.
LCR 2013 Pay Administration, Retention Allowance, and Relocation and Recruitment Bonus	We made some recommendations to help clarify certain areas we believed were unclear.
OGC Directive 08-01 Litigation - Responding to Discovery Requests	We had no comment on this draft directive.
LCR 211-5 Functions and Organization of the Office of the Chief Financial Officer	We had no comment on this proposed regulation.



ABOVE: CLOSEUP OF A CHERUB ON THE BASE OF A LAMP  
POST AT THE MAIN ENTRANCE TO THE  
JEFFERSON BUILDING.



## ORGANIZATIONAL CHART



# INSPECTOR GENERAL HOTLINE

HELP PROMOTE INTEGRITY, ECONOMY, AND EFFICIENCY

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ANY INFORMATION YOU PROVIDE WILL BE HELD IN CONFIDENCE.  
HOWEVER, PROVIDING YOUR NAME AND A MEANS OF COMMUNICATING  
WITH YOU MAY ENHANCE OUR ABILITY TO INVESTIGATE.



